

**PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL
MINUTES
JANUARY 3, 2014
STATE CAPITOL BUILDING, ROOM 311
SANTA FE, NEW MEXICO**

Members Present: Mr. David Abbey, LFC Mr. Gene Gant, PEC
Mr. Joe Guillen, NMSBA Mr. Raul Burciaga, LCS
Mr. Tom Clifford, DFA Mr. Michael Heitz, Governor's Office
Mr. Pat McMurray, CID

Designees: Mr. Antonio Ortiz represented the Public Education Department in the absence of Mr. Paul Aguilar.

Absent: Ms. Frances Maestas/designees were unable to attend the meeting due to schedule conflicts.

1. Call to Order – Mr. David Abbey, Chair

a. Approval of Agenda

Council welcomed Mr. Mike Unthank as a new member of the Council. Mr. Unthank informed the Council that pursuant to Statute, Mr. Pat McMurray has been appointed to represent Construction Industries Division at future meetings.

Clerk called roll noting that Ms. Frances Maestas will not be in attendance due to scheduling conflicts.

MOTION: Mr. Joe Guillen moved for approval of the agenda as presented. Mr. Gene Gant seconded. Motion carried.

b. Correspondence

Mr. Robert Gorrell referred the Council to a letter of appreciation from the Reserve School District thanking the Council and PSFA staff for their support and leadership in working with the district. The district passed a bond and is moving forward in repairing their facilities.

2. Approval of Minutes (December 3, 2013)

Upon review by the Council, Mr. Guillen moved for adoption of the December 3, 2013 PSCOC meeting minutes subject to technical corrections. Mr. Gant seconded. There being no objection the motion carried.

3. Awards Subcommittee Report

a. Financial Plan Summary

PSCOC Financial Plan Changes since 12/03/13

Project Funding Adjustments

Socorro (P12-011) San Antonio ES Additional Funding--\$104,645

Penasco (R13-024) Penasco ED Roof Additional Funding--\$77,409

PROJECT ENCUMBRANCE SCHEDULE DETAIL - PHASE 2 FUNDING ADJUSTMENTS

Project	Previously Projected Amount	Current	Difference
Clovis - P09-014 James Bickley ES*	\$12,770,000	\$13,860,738	\$1,090,738
Clovis - P11-020 Gattis MS*	\$19,157,451	\$19,412,000	\$254,549
Albuquerque - P12-001 MacArthur ES*	\$1,826,202	\$2,629,322	\$803,120
Albuquerque - P12-002 McKinley MS*	\$3,986,657	\$3,699,424	(\$287,233)
Bernalillo - P12-005 Bernalillo HS*	\$18,368,293	\$18,004,800	(\$363,493)
Espanola - P12-008 Fairview ES*	\$9,102,070	\$9,447,847	\$345,777
Roswell - E13-003 Goddard HS	\$10,500,000	\$0	(\$10,500,000)
Lordsburg - P14-017 Lordsburg HS**	\$3,815,000	\$11,882,500	\$8,067,500
Reserve - P14-022 Reserve Combined School**	\$1,188,237	\$9,057,037	\$7,868,800
Total	\$24,605,307	\$30,387,384	\$5,782,077

*Based on potential PSCOC action (see additional funding request for detail)

**Based on increased scope and potential local match reduction (see additional funding request for detail)

Ms. Casandra Cano, PSFA staff, presented this item referring the Council to the financial plan that is made available in their meeting notebooks/e-book. Included in the report are the PSCOC Financial Plan definitions, sources and uses, emergency funding, PSCOC fund project encumbrance schedule and PSCOC balances.

This item is for informational purposes and does not require action by the Council.

b. Clovis—James Bickley ES—Phase II Funding

The district is requesting additional funds to commence construction of new James Bickley ES, as per Phase II of the MOU with Clovis Municipal Schools. The district has in place their required funding amount match totaling \$3,465,184 (20%). The Awards Subcommittee has reviewed this request and recommends approval.

Executive Summary: Staff recommends approving the Phase II funding request for the 2008-2009 standards-based awards to Clovis Municipal Schools for James Bickley Elementary School to replace the existing facilities to adequacy for 326 students, grades K-5 with an increase in the state share amount of \$13,860,738 (80%), contingent upon an additional local share of \$3,465,184 (20%).

Maintenance		Recommended District Performance
FMAR	77.94	<i>No action required</i>
Using FIMS	Yes	
PM Plan	Yes	
Work Orders	Yes	
M ³ Metrics	Yes	

In regard the district's timeline, Mr. Gorrell informed the Council that previously the project was not evaluated closely and only one school was in place. Over time the cost of the district and state were going to be huge. There were opportunities to reorganize and review how the district delivered education. The sixth grade was moved to a new mid-school which reduced cost of elementary schools. There were issues with the design process, however; Mr. Gorrell assured the Council that the project is on schedule and moving forward. Mr. Rico Volpato, PSFA staff, noted that the cost of construction has risen and every effort is being made in attempt to bring contractors back in New Mexico to do the work. He stated that there were difficulties with the site work and utilizing the HVAC system. Mr. Gorrell informed the Council that the AMS subcommittee directed him to poll industry associations regarding the pricing.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to amend the 2008-2009 standards-based award to the Clovis Municipal Schools for James Bickley Elementary School to include phase 2 construction to replace existing facilities to adequacy for 326 students, grades K-5, with an increase in the state share amount of \$13,860,738 (80%), contingent upon an additional local share of \$3,465,184 (20%). Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

c. Clovis—Gattis MS—Award Language Change

The district is requesting that the Council allow amendment to the original award language to include funding for Phase II construction, and increase classrooms to adequacy from 650 students to 800 students, grades 6-8. . The funding includes additional funds for Post Occupancy Evaluation.

Executive Summary: Staff recommends a phase 2 amendment to the 2010-2011 standards-based award to Clovis Municipal Schools for Gattis Middle School to include funding for phase 2 construction and increase classrooms to adequacy from 650 students to 800 students with an increase in the state share amount of \$254,549 (80%), contingent upon an increase in the district share amount of \$63,637 (20%), based on the District's Facilities Master Plan 2018-2019 enrollment projection forecast of 804. The District's 40 day count at the new Gattis Middle School totals 766 students.

Maintenance		Recommended District Performance
FMAR	77.94	<i>No action required</i>
Using FIMS	Yes	
PM Plan	Yes	
Work Orders	Yes	
M ³ Metrics	Yes	

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to amend the 2010-2011 standards-based award to the Clovis Municipal Schools for Gattis Middle School to include additional funding and increase classrooms to adequacy from 650 students to 800 students, grades 6-8, with an increase in the state share amount of \$254,549 (80%), contingent upon an additional local share of \$63,637 (20%). Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

d. Albuquerque—MacArthur ES—Phase II Funding

The district is requesting a kindergarten addition of approx. 8000sqft and art room remodel; cafeteria / kitchen additions of approx. 1000sqft, minor renovations and re-roofing of the cafeteria and existing classroom buildings, and fire suppression for all permanent buildings including existing and new improvements. The district has in place their required additional funding match totaling \$2,151,263 (45%).

Executive Summary: Staff recommends approving the phase 2 funding request for the 2011-2012 standards-based awards to Albuquerque Public Schools for Douglas MacArthur Elementary School to renovate and make additions to the existing facilities to adequacy for 242 students, grades K-5 with an increase in the state share amount of \$2,629,322 (55%), contingent upon an additional local share of \$2,151,263 (45%).

Maintenance		Recommended District Performance
FMAR	62.64	1. Monthly walk-through inspections 2. Improve field performance 3. Implement Metrics (measure to improve)
Using FIMS	Yes	
PM Plan	Yes	
Work Orders	Yes	
M ³ Metrics	Yes	

Mr. Gorrell pointed out that there are recommendations for increased maintenance performance for the Albuquerque School District. This request did not go before the Awards Subcommittee to be included in the proposed motion, but staff did not want to lose the opportunity for Council awareness. He noted that the Council is interested in improving maintenance in school districts and to include additional contingencies on district for reporting which is presented back to the Council. Ms. Karen Alarid and Mr. Brad Winters joined the meeting via teleconference, and will accept the additional condition for maintenance improvements and reporting.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to amend the 2011-2012 standards-based award to the Albuquerque Public Schools for Douglas MacArthur Elementary School to include phase 2 construction to renovate and make additions to the existing facilities to adequacy for 242 students, grades K-5, with an increase in the state share amount of \$2,629,322 (55%), contingent upon an additional local share of \$2,151,263 (45%).

Mr. Guillen amended his motion to include:

The district shall incorporate the additional maintenance contingencies that include: (1) monthly walk-through inspections, (2) improve field performance and (3) implement

metrics (measures to improve), and shall report to the PSCOC every 6 months during the project on their maintenance operations. Mr. Burciaga seconded. There being no objection the motion carried.

e. Albuquerque—McKinley MS—Phase II Funding

The district is requesting funding to build a new 18,000 GSF 2-story classroom building to be located on the west portion of the existing McKinley Middle School Campus. The project will consist of general construction, site and utility work and minor demolition. Included in the scope of work is a bid lot for replacing the windows in the existing building.

Executive Summary: Staff recommends approving the phase 2 funding request for the 2011-2012 standards-based awards to Albuquerque Public Schools for McKinley Middle School to renovate and make additions to existing facilities to adequacy for 600 students, grades 6-8 with an increase in the state share amount of \$3,767,932 (55%), contingent upon an additional local share of \$3,082,854 (45%).

Maintenance		Recommended District Performance
FMAR	62.64	1. Monthly walk-through inspections 2. Improve field performance 3. Implement M ³ metrics
Using FIMS	Yes	
PM Plan	Yes	
Work Orders	Yes	
M ³ Metrics	Yes	

Ms. Alarid informed the Council that the district has determined that this is the best direction to move forward with this school. Mr. Gorrell pointed out that after the renovations are complete, the facility should move to the bottom 20% of the wNMCI ranking. In regard to the portables that are on the school property, Mr. Gorrell stated that it has been determined that portables are sufficient for educational purposes and do not affect the ranking unless they are old and have structural issues, health or operational issues. Ms. Alarid commented that the request includes a science lab renovations and the new classroom addition. Because of the condition of the existing school building, the district has determined that renovations to the existing facility would be their best option.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to amend the 2011-2012 standards-based award to the Albuquerque Public Schools for McKinley Middle School to include phase 2 construction to renovate and make additions to the existing facilities to adequacy for 600 students, grades 6-8, with an increase in the state share amount of \$3,767,932 (55%), contingent upon an additional local share of \$3,082,854 (45%).

Mr. Guillen amended his motion to include: The district shall incorporate the additional maintenance contingencies that include: (1) monthly walk-through inspections, (2) improve field performance and (3) implement metrics (measures to improve), and shall report to the PSCOC every 6 months during the project on their maintenance operations. Mr. Gant seconded. There being no objection the motion carried.

f. Bernalillo—Bernalillo HS—Phase II Funding

This is a Phase II request for construction funding of the Bernalillo High School replacement/renovation. This project includes building a 2 story academic building and a single story CTE building and maintaining the existing gym and play fields. All other buildings will be demolished. No portable campus will be needed as the new building is located such that the current campus can be occupied while construction is taking place. This project is still within the original estimated MOU budget. The cost per square foot is higher due to the geo piers/ soils stabilization (\$1,747,313 est.) necessary to bring the site from a class F to a class D. The district has in place their required additional funding amount match totaling \$22,915,200 (56%).

Executive Summary: Staff recommends approving the phase 2 funding request for the 2011-2012 standards-based award to the Bernalillo Public Schools for Bernalillo High School to renovate and replace facilities to adequacy for 936 students, grades 9-12 with an increase in the state share amount of \$18,004,800 (44%), contingent upon an additional local share of \$22,915,200 (56%).

Maintenance		Recommended District Performance
FMAR	67.59	1. Monthly walk-through inspections 2. Improve field performance 3. Implement M ³ metrics
Using FIMS	Yes	
PM Plan	Yes	
Work Orders	Yes	
M ³ Metrics	Yes	

Mr. Volpato pointed out that the current enrollment at the high school is 770 students, but the design capacity of the award is 936 students. The enrollment is not declining but instead students are choosing to go to schools outside the district, to Rio Rancho or other high schools. Based upon their 5-year master plan and the current in-district students, the design capacity is accurate for this district. Mr. Gorrell noted that the Council has never considered placing portables in conjunction with new building to handle variances in student population, and it has been resisted by Superintendents and communities. However, this is the sort of project if the students return from the other schools they can be housed. The district is anticipating a difference of 200 students. Mr. Volpato noted that the cost is estimated at \$259 per square foot for construction and \$346 for a total project cost.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to amend the 2011-2012 standards-based award to the Bernalillo Public Schools for Bernalillo High School to include phase 2 construction to renovate and replace facilities to adequacy for 936 students, grades 9-12, with an increase in the state share amount of \$18,004,800 (44%), contingent upon an additional local share of \$22,915,200 (56%).

Mr. Guillen amended his motion to include: The district shall incorporate the additional maintenance contingencies that include: (1) monthly walk-through inspections, (2) improve field performance and (3) implement metrics (measures to improve). Mr. Gant seconded. There being no objection the motion carried.

g. Espanola—Fairview ES—Phase II Funding

The district is requesting funding for Phase II construction to complete the project. The district has in place their required additional funding amount match totaling \$5,314,414.

Executive Summary: Staff recommends approving the phase 2 funding request for the 2011-2012 standards-based awards to Espanola Public Schools for E.T.S. Fairview Elementary School to renovate and replace portions of the facility to adequacy for 420 students, grades K-6 with an increase in the state share amount of \$9,447,847 (64%), contingent upon an additional local share of \$5,314,414 (36%).

Maintenance		Recommended District Performance
FMAR	65.59	1. Submit PM plan 2. Monthly walk-through inspections 3. Implement M ³ metrics
Using FIMS	Yes	
PM Plan	No	
Work Orders	Yes	
M ³ Metrics	No	

Mr. Gorrell noted staff and Council were aware that during the design process there was a decline in enrollment. The district was awarded for 420 students and halfway through the project the enrollment dropped to 380. Upon discussion staff determined that there was not enough good information to pay the redesign for one classroom. Over time, the enrollment has reduced to 337 which is three classrooms. The facility is a single story building so there would be a savings of \$550,000 in removing the three classrooms. However, there is a possibility that the McCurdy and Carinos Charter Schools may shut down. Information was sent to the staff at a late date so the staff has not had time to analyze and make recommendations. The staff proposes language that states the over the next several weeks staff will meet with the district to review the information. Mr. Gorrell indicated that the school board is in support of removing three classrooms, in order to reduce overall space in the district. The district is also considering consolidating some of the schools. Staff is proposing language that state “that a special subcommittee will review a reduction of classrooms that may be necessary”.

Dr. Danny Trujillo represented the Espanola School District. The Council asked if the district is willing compromise on reducing the design capacity. Mr. Trujillo stated that in terms of the next 2-3 years space for 420 students would be adequate and have support from their school board. The school currently houses 330 students. He noted that the lease for Carinos Charter School expires within the next 1½ years and the district is considering using the property for other district use. A bond passed in 2012 as an initiative to improve the grounds at Carinos Charter School and the charter will have to relocate. After the school is closed, the district is anticipating that the enrollment will increase from 180-200 students that may return to the district. Dr. Trujillo informed the Council that the district has hired an educational consultant as well as PSFA staff to update their Facility Master Plan and the census is also being revised. The district is ready to go out to bid as well as change orders to remove classrooms.

There is a difference of 100 students between current enrollment and the design capacity. Council member Guillen proposed a compromise of 380 to 420 so portables

will not be needed and provides room for students that return. Mr. Gorrell reiterated that the information is new and has to be reviewed by staff and the school board to determine if there is a reduction in enrollment.

Mr. McMurray noted that the facility is in very bad condition; however the capacity is the issue. Council agreed that a subcommittee should review the issues of the Bernalillo and Espanola School Districts including their operating cost. Dr. Trujillo noted that the district has an excess capacity in its elementary schools. The district is reviewing all elementary schools to determine if any should be closed or consolidated.

The Council requested that staff provide further information on the demographics of the district.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to amend the 2011-2012 standards-based award to the Española Public Schools for E.T.S. Fairview Elementary School to include phase 2 construction to renovate and replace portions of the facility to adequacy for 420 students, grades K-6, with an increase in the state share amount of \$9,447,847 (64%), contingent upon an additional local share of \$5,314,414 (36%).

Mr. Guillen amended his motion to include: The district shall incorporate the additional maintenance contingencies that include: (1) monthly walk-through inspections, (2) improve field performance, (3) implement metrics (measures to improve), and (4) submit PM plan. Mr. McMurray seconded. There being no objection the motion carried.

h. Roswell—Goddard ES Emergency—Award Language Change

Staff received a letter from the district dated November 7, 2013 which determined that the district could reduce their advance from \$10.5 million down to \$2.5 million to complete the HVAC improvements. The district issued a second letter dated January 6, 2014 that states “with this determination RISD will no longer be in need of the \$2.5 Million advance from PSFA. We wanted to get this information to PSFA and the Council as soon as possible in that the \$2.5 Million can be immediately reverted to assist other districts throughout the state.”

Executive Summary: Staff recommends reversion of the emergency award of \$10,500,000 based the districts determination to replace major HVAC components; instead of complete system replacement.

Maintenance		Recommended District Performance
FMAR	72.20	<i>No action required</i>
Using FIMS	Yes	
PM Plan	Yes	
Work Orders	Yes	
M ² Metrics	Yes	

MOTION: Mr. Guillen moved Council approval of the Awards Subcommittee recommendation to accept the determination by the Roswell Independent School to decline use of the \$10,500,000 emergency advance for replacement of the HVAC

system at Goddard High School. The advanced funds will revert to the Public School Capital Outlay Fund (PSCOF) for reallocation by the PSCOC. Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

i. Grants—Los Alamitos MS—Phase II Design Language

PSFA and the district are requesting out of cycle funding for design for Los Alamitos MS. The District has in place their required additional funding amount match totaling \$515,580 (26%).

Executive Summary: Staff recommends a Phase I amendment to the 2013-2014 standards-based awards to Grants-Cibola County Schools for Los Alamitos Middle School for phase I design funding to replace facilities to adequacy for 475 students, grades 7-8 with an increase in the state share amount of \$1,467,420 (74%), contingent upon an additional local share of \$515,580 (26%).

Maintenance		Recommended District Performance
FMAR	57.49	1. Monthly walk-through inspections 2. Improve field performance 3. Implement M ³ metrics
Using FIMS	Yes	
PM Plan	Yes	
Work Orders	Yes	
M ³ Metrics	No	

Mr. Volpato reported that the district has completed their Education Specifications (ed specs) as part of their award and are now requesting design funds to keep moving forward. Mr. Abbey requested information on the number of students coming from the various feeder elementary schools. Dr. Marc Space, Superintendent, joined the meeting via webcast. He stated that the district was not asked the question of how many students attend this school. Ms. Martica Casias, PSFA staff, stated that the Mr. Aguilar asked staff to work with PED staff to determine how many students are in attendance. Mr. Aguilar directed staff to work with PED staff to compile information needed but no response was received from PED. Mr. Aguilar has committed to assisting staff with this issue. Staff is directed to do a follow-up and report back to the Council.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to amend the 2013-2014 standards-based award to the Grants-Cibola County Schools for Los Alamitos Middle School to include phase I planning and design to replace facilities to adequacy for 475 students, grades 7-8, with an increase in the state share amount of \$1,467,420 (74%), contingent upon an additional local share of \$515,580 (26%).

Mr. Guillen amended his motion to include: The district shall incorporate the additional maintenance contingencies that include (1) monthly walk-through inspections, (2) improve field performance and (3) implement metrics (measures to improve). There being no objection the motion carried.

j. Lordsburg—Lordsburg HS—Phase I Design Funding

The district is requesting design services funding to complete design in accordance with education specification recommendations to include renovation/replacement of Lordsburg High School, consolidation of Southside ES to RV Traylor, and consolidation of Central ES to RV Traylor ES and Dugan-Tarango MS. The district has in place their required funding amount match totaling \$942,500 (65%).

Executive Summary: Staff recommends a Phase 1 amendment to the 2013-2014 standards-based awards to Lordsburg Municipal Schools for Lordsburg High School for Phase 1 design funding to renovate/replace facilities to adequacy for 480 students, grades K-12 with an increase in the state share amount of \$507,500 (35%), contingent upon an additional local share of \$942,500 (65%).

Consolidation of five facilities into three; demolition of two (Central ES-2 and Old HS), sale of one (Southside ES-14) and renovation of one (Lordsburg HS-10).

Maintenance		Recommended District Performance
FMAR	68.12	1. Monthly walk-through inspections 2. Improve field performance 3. Implement M ³ metrics
Using FIMS	Yes	
PM Plan	Yes	
Work Orders	Yes	
M ³ Metrics	No	

Mr. Volpato reported that the district has four schools that are under-utilized and have excess space. The current high school needs a facility to move student while renovation is under-way. The district has determined that it would be in their best interest to move the high school students into the Central Elementary School during the project. The sixth grade students from Central ES would move to Dugan-Tarango Middle School while the fifth grade students from Central ES would move to the RV Traylor Elementary. The third and fourth graders from the Southside Elementary would also move into RV Traylor ES, leaving the Southside Elementary and later to be disposed. Moving the students would eliminate the need for a portables campus.

Superintendent Randy Piper represented the Lordsburg School District. He stated that there are three buildings with just under 70 students attending. The decision to move students and eliminate schools came for their utilization study. He noted that there is another building that needs to be demolished which he is willing to “take the hit on it” that is a national historical building. However, the roof caved in and cannot be repaired. The district is prepared to begin consolidation within the next school year. Mr. Piper is prepared to go before PED to ask for a consolidation of Southside Elementary for next year and look at Central Elementary in the future. He informed the Council that the school board approved an amended five-year facility master plan and all the above consolidation and closures are included in the plan. The school board and the community are in support of the master plan.

Ms. Cano pointed out that the financial plan has increased plans to accommodate a potential local match reduction. The district is eligible for a local match reduction. The district intends to return to the Council for a waiver of a portion of their local share. The out-year funding for Phase II construction has been pledged for this type of request.

Mr. Clifford voiced concern regarding the high estimate of the construction plan that is already capped out. Mr. Abbey noted that the changes were due to adding an estimate for the waiver which was not in the original number and adding a district-wide solution in lieu of the high school only.

The district representative stated Mr. Bill DeJong conducted their utilization study and will also work on their facility master plan. Upon compiling information needed, Mr. DeJong's bid came in substantially lower than others.

MOTION—Mr. Guillen moved Council approval of the Awards Subcommittee recommendation to amend the 2013-2014 standards-based award to the Lordsburg Municipal Schools for Lordsburg High School to include Phase 1 planning and design at Lordsburg High School, RV Traylor Elementary School, Southside Elementary School, Central Elementary School, Dugan-Tarango Middle School and Central Kitchen to renovate/replace/consolidate/dispose facilities to adequacy for 480 students, grades K-12, with an increase in the state share amount of \$507,500 (35%), contingent upon an additional local share of \$942,500 (65%). The district shall incorporate the additional maintenance contingencies that include: (1) monthly walk-through inspections, (2) improve field performance and (3) implement metrics (measures to improve). Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

k. Reserve—Reserve Combined School—Phase I Design Funding

This request is for a feasibility study to include cost and scope analysis of renovation and replacement options for the Reserve Combined School; and design services to renovate/replace various facilities at the Reserve Combined School to adequacy for 140 students, grades K-12 in Reserve, N.M. based on the approved option of the feasibility study. The district has in place their required funding amount match totaling \$688,800 (84%).

Executive Summary: Staff recommends amending the 2013-2014 standards-based awards to Reserve Independent Schools for Reserve Combined School for Phase I design funding to renovate/replace various facilities to adequacy for 140 students, grades K-12 with an increase in the state share amount of \$131,200 (16%), contingent upon an additional local share of \$688,800 (84%).

Maintenance		Recommended District Performance
FMAR	29.99	1. Monthly walk-through inspections 2. Improve field performance 3. Implement FIMS (+Metrics)
Using FIMS	No	
PM Plan	Yes	
Work Orders	No	
M ³ Metrics	No	

Mr. Volpato informed the Council that the district has completed their ed specs and are moving into the design phase of the project. The district currently is seeking a design professional. He noted that the award was for \$8.7 million. It was determined in the ed specs that the cost may come in higher and it was estimated at approximately \$11 million. Before the district moves into the design phase, as part of the RFP, the PSFA

Regional Manager and the district included language to ask the design professional to evaluate the school to evaluate other options of renovation to reduce square footage to keep the cost at the original award before moving into the design phase.

Mr. Gant noted that the district is very poor in their maintenance, and has not improved over the last several years. Mr. Gorrell noted that the district has more square footage than they can manage. By reducing square footage, the district can develop the procedures and can get their staff to sustain a better school.

Mr. Jorge Au Regional Manager for the Reserve School District stated that he has visited with Mr. Bill Green, Superintendent, and Mr. Green agreed to meet to discuss this project in regard to maintenance, requirements and other issues to get the district up to par. Ms. Cano noted that in regard to the district maintenance requirements, included in the FY14 standard-based award additional conditions for this project, the district is required to report every six months on their maintenance status. The AMS subcommittee has requested that this item be included in the agenda for the March 2014 PSCOC meeting. Mr. Guillen commented that a letter was received from the district indication that they passed a bond.

Mr. Clifford again voiced concern regarding the high estimate of the construction plan that is already capped out. Mr. Abbey reiterated that the changes were due to adding an estimate for the waiver which was not in the original number.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to amend the 2013-2014 standards-based award to the Reserve Independent Schools for Reserve Combined School to include phase 1 planning and design to renovate/replace various facilities to adequacy for 140 students, grades K-12, with an increase in the state share amount of \$131,200 (16%), contingent upon an additional local share of \$688,800 (84%). of the district shall incorporate the additional maintenance contingencies that include: (1) monthly walk-through inspections, (2) improve field performance and (3) implement metrics (measures to improve). Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

I. 2012-2013 Lease Assistance Award Reversions

Executive Summary: Award Date: September 20, 2012. Lease Assistance awards are granted to school districts and charter schools and disbursed on a quarterly basis. PSFA staff has contacted or attempted contact with 2012-2013 award recipients via electronic e-mail, phone and certified mail of the deadline of December 31, 2013 to submit reimbursement requests for the balance of their 2012-2013 awards. The following list represents those recipients who did not request reimbursement for the full award amount and whose award balances are recommended for reversion and reallocation.

Staff recommends approval to revert the balance of the 2012-2-13 awards for Lease Assistance to the following school districts and charter schools in the amounts specified in the table. These amounts represent the balance of the lease assistance award for which no supporting documentation was presented to the PSFA for review for the school year that ended June 30, 2013.

District/Charter School	2012-13 Award	Reversion Amount
La Promesa Charter School	69,996.00	14,328.32
Ralph J. Bunche	58,358.00	283.74
South Valley Preparatory School	90,935.00	7,518.68
Albuquerque Sign Language Academy	47,668.00	7,579.85
Mosaic Academy	116,000.00	4,010.10
Anthony Charter School	61,235.00	2,933.72
J Paul Taylor Academy	132,000.00	9,000.00
Monte del Sol Charter School	250,778.00	26.00
The Masters Program	97,061.00	22.64
Uplift Community School	80,766.00	8,256.00
	\$1,004,797.00	\$53,959.05

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to approve reversion of the balance of awards for 2012-2013 Lease Assistance to the school districts and charter schools in the amounts specified in the spreadsheet presented to the Council. These amounts represent the balance of the lease assistance award for which no supporting documentation was presented to the PSFA for review for the school year that ended June 30, 2013. Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

m. QZAB & QSCB Application

Executive Summary: The Qualified School Construction Bond (QSCB) and Qualified Zone Academy Bond (QZAB) programs are authorized by the PSCOC and are administered by the Public Education Department (PED).

Staff recommendation is to approve the 2014 applications for Qualified School Construction Bonds (QSCB) and Qualified Zone Academy Bonds (QZAB). QSCB applications are due February 21, 2014 with a tentative award date of March 6, 2014, and QZAB applications are due May 23, 2014 with a tentative award date of June 17, 2014.

MOTION: Mr. Guillen moved Council approval of the Awards Subcommittee recommendation to approve the 2014 applications for Qualified School Construction Bonds (QSCB) and Qualified Zone Academy Bonds (QZAB). QSCB applications are due February 21, 2014 with a tentative award date of March 6, 2014, and QZAB applications are due May 23, 2014 with a tentative award date of June 17, 2014. Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

4. Administration, Maintenance & Standards Subcommittee

a. Draft Exemplary Maintenance Policy

Executive Summary: NM Administrative Code (NMAC) 6.27.3.11, *Preventive Maintenance Program* was updated July 2010 to include an incentive for public schools to develop 'exemplary' maintenance programs. This incentive may include up to 5% reduction in local match on a capital outlay award. Widespread implementation of the Facility Maintenance Assessment Report (FMAR) is now providing an objective

measure for the PSCOC to make data-based decisions on awards, with eight (8) NM school districts currently scoring above 80.1% (Good) score.

Staff recommends adoption of the Exemplary Preventive Maintenance Program criteria applicable to the 2014-2015 Standards-Based Capital Outlay Award Cycle. School districts meeting the following criteria shall be eligible for a five percent (5%) reduction in its local match on a capital outlay award: FMAR score greater than 80.1%; preventive maintenance (PM) plan is current; use of all three FIMS modules at level two or greater; more than ten (10) types of equipment being maintained within the preventive maintenance program; preventive maintenance work order completion rate of 90% or greater; and transaction percentage within FIMS is greater than 100%.

- FMAR score > 80.1% (Good)
- Preventive Maintenance (PM) plan is current
- Use (i.e., level two or greater) of all three FIMS modules
- More than ten (10) types of equipment being maintained with the Preventive Maintenance Program.
- Preventive Maintenance Work order completion rate of 90% or greater
- Transaction percentage within FIMS is greater than 100% (i.e., some action for each work order).

These criteria provide supporting documentation that the FMAR score is a result of prudent facility management by the school district.

Mr. Clifford noted that the AMS subcommittee had an extensive discussion on this item at their last meeting. He noted that the FMAR score captured a number of the measures. The FMAR score is a cumulative measure from 2011 to present. Council asked that the staff simplify the information so the districts can comprehend it easily.

Mr. Gorrell noted that this issue has been an on-going issue that the Public School Capital Outlay Oversight Task Force (PSCOOTF) has heard many times. Some districts are doing good maintenance but there are districts that are not. Staff has developed a measure and FMAR will be throughout the state before the end of 2014. The intent of the legislation is to give the districts what they can get from good maintenance.

MOTION: Mr. Clifford moved for Council approval of the Administration, Maintenance & Standards Subcommittee recommendation to adopt the Exemplary Preventive Maintenance Program criteria applicable to the 2014-2015 Standards-Based Capital Outlay Award Cycle. School districts meeting the following criteria shall be eligible for a five percent (5%) reduction in its local match on a capital outlay award: FMAR score greater than 80.1%; preventive maintenance (PM) plan is current; use of all three FIMS modules at level two or greater; more than ten (10) types of equipment being maintained within the preventive maintenance program; preventive maintenance work order completion rate of 90% or greater; transaction percentage within FIMS is greater than 100%.

AMENDED MOTION: Mr. Ortiz moved to amend the motion to: School districts meeting the following criteria may be eligible for a five percent (5%) reduction in its local match on a capital outlay award: FMAR score greater than 80.1%; preventive maintenance (PM) plan is current; use of all three FIMS modules at level two or greater;

more than ten (10) types of equipment being maintained within the preventive maintenance program; preventive maintenance work order completion rate of 90% or greater; transaction percentage within FIMS is greater than 100%. Mr. Guillen seconded. There being no objection the motion carried.

b. PSFA FY14 Budget Projection *(Informational Item)*

Executive Summary: PSFA FY14 budget is as follows:

- Personal Services – Category 200 - \$3,974,600
- Contractual Services – Category 300 - \$179,500 (NIC pending BAR from 400 category \$59,200)
- Other Operating Costs – Category 400 - \$1,439,900
Total - \$5,594,000
- Current FY14 budget projections forecast available balances totaling \$432,432 or 7.7% of the total PSFA budget. PSFA currently has 8 FTE vacancies and 2 intern vacancies, with 5 FTE positions currently being advertised for fulfillment. If the remaining 3 vacancies are approved for advertisement and fulfillment prior to the end of the fiscal year, the available balances will be significantly reduced.

c. PSCOC FY2013 Annual Report *(Informational Item)*

PSCOC is required to provide annual reports to the Department of Finance & Administration, the Governor, Legislative Education Study Committee, Legislative Finance Committee and the Legislature pursuant to 22-24-9(B)(11) NMSA, 1978.

This report was reviewed by the AMS Subcommittee and is for informational purposes only. No action is required by the Council.

5. 2014-2015 Standards-Based Capital Outlay Awards Cycle

a. Preliminary Funding Pool

Executive Summary: Recommend approval of the Administration, Maintenance & Standards Subcommittee recommendation to release the Preliminary wNMCI Rankings, including charter schools that have been reassessed based on programmatic needs after completing at least one renewal period, for the 2014-2015 standards-based awards cycle based on criteria and weightings previously adopted by the Council. Release of the ranking is subject to necessary technical corrections and Districts are encouraged to work with PSFA staff to resolve any outstanding technical corrections to the data with ability to make a formal appeal to the PSCOC by the March 21, 2014 deadline for pre-applications. The Preliminary Funding Pool for the 2014-2015 Standards-Based Award Cycle must be established from the Preliminary ranked list of all schools ranked (from worst-to-best condition) by weighted New Mexico Condition Index (wNMCI).

Staff has prepared three 2014-2015 scenarios: \$30M, \$60M & 90M regular standards-based, with \$10M for standards-based roof awards

Awarding at higher levels in the near term are a concern due to high projected certified but unissued amounts peaking in December, 2015.

A high a Certified but Unissued balance can be caused by cumulatively high

award/funding needs on projects and/or a decrease in SSTB revenue. High Certified but Unissued balances increase the risk of not having sufficient budgeted balances to award for Phase II construction when the district is ready to proceed on an awarded project.

PSCOC staff and Board of Finance staff could study annual award capacity and revenue volatility and make recommendations on near term award levels to mitigate potential award phasing delays.

Scenarios are based upon the rankings. The first step is for staff to review out-year funding availability in the projections.

MOTION: Mr. Clifford moved for Council approval of the Administration, Maintenance & Standards Subcommittee recommendation to release the Preliminary wNMCI Rankings, including charter schools that have been reassessed based on programmatic needs after completing at least one renewal period, for the 2014-2015 standards-based award cycle based on criteria and weightings previously adopted by the Council. Release of the ranking is subject to necessary technical corrections and districts are encouraged to work with PSFA staff to resolve any outstanding technical corrections to the data with ability to make a formal appeal to the PSCOC by the March 21, 2014 deadline for pre-applications. Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

b. 2014-2015 Application Announcement (Release Date: March 3, 2014)

Executive Summary: Awards Subcommittee recommendation to release the 2014-2015 application announcement and timeline, with an initial funding pool to the top 100 of the Preliminary wNMCI ranking, and priority given to projects in the top 50. Based on the number of pre-applications received by the March 21, 2014 due date, a final funding pool will be established that will be used to determine eligibility to complete the full application and be considered for an award. Standards-based roof awards are available up to a maximum of \$10 million. Council may consider approval of requests for advances for these funding programs upon districts qualifying under certain conditions and evidence that no other funds are available.

- Application Announcement to school districts and charter schools.
- Scheduled release date: March 3, 2014.

Mr. Volpato reported on a projection of what staff saw with potential applicants. He informed the Council that the PSFA Region Managers visited their districts to discuss potential projects for the upcoming year. Mr. Volpato referred the Council to “Top 30 Schools in 2014-2015 wNMCI Draft Ranking Survey Responses” that was made available in their meeting notebooks/e-book. Sixteen surveys were sent out and seven surveys were received. There are seven projects in the top 50 that would be reviewed as priority. It was noted that any district may apply as long as they meet the criteria. There are a total of approximately 40 upcoming projects throughout the state.

Mr. Eaton presented on projections of out-year capacity versus commitments. At the request of the subcommittee, he prepared a chart that showing certified but unissued balances for various amount of standards-based awards. The information was presented to the subcommittee in December 2013 and January 2014. Mr. Eaton noted that the Council over-certifies more than the revenue capacity available for the program. This is

how PSFA captures funding available for PSCOC projects and why the funding does not transfer to the Severance Tax Permanent Fund. Since 2004 the Council has adopted the practice of awarding projects in an amount excess of what is projected to be available in revenue so there is always an amount that is certified that is in excess of what the Board of Finance is capable of selling for the PSCOC. This allows the PSCOC to capture the funding, but also has the effect that there is always a funding need for districts where there is not revenue. This can be accommodated by the pace of projects and how they proceed from the time of award; there is often a lag when the construction funding is due. The Council is comfortable with this practice and has gone forward in continuing the practice. The amount is approximately \$150 million per year. He noted that it is a risk factor but is affected by both revenues available and the amount of awards the Council makes. Mr. Eaton noted that if this is a concern of the Council there would be a consideration to reduce the amount awards in the upcoming cycle to less than \$150 million per year in order to bring certification alignment balance to avoid project being delayed and the state having funding available to proceed in the next contract. Staff recommends that this item be presented to the Council on a regular basis to make planning decisions or recommendations on the size of future awards. Mr. Clifford requested that this information be included in the financial plan and that the PSFA and DFA staff meet to discuss this item.

Ms. Cano emphasized that the numbers presented in the potential project list are preliminary and are not in the application stage. Information can be updated based on the intent by the applicants during the pre-application cycle. Council members see the concern in keeping the dollar amount up. There are many needs that far outweigh the money available. A Council member voiced concern in the need to be careful doing everything needed to advocate for these funds.

The staff will meet with LFC and DFA staff to get a better understanding of what is needed to move this forward.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to release the 2014-2015 application announcement and timeline, with an initial funding pool to the top 100 of the Preliminary wNMCI Ranking, and priority given to projects in the top 50. Based on the number of pre-applications received by the March 21, 2014 due date, a final funding pool will be established that will be used to determine eligibility to complete the full application and be considered for an award. Standards-based roof awards are available up to a maximum of \$10 million. Council may consider approval of requests for advances for these funding programs upon districts qualifying under certain conditions and evidence that no other funds are available. Since this is a subcommittee recommendation as second is not required. There being no objection the motion carried.

c. 2014-2015 Proposed Workplan/Timeline (Informational Item)

Mr. Gorrell presented the 2014-2015 Workplan/Timeline to the Council noting that the workplan was reviewed by both subcommittees.

This report was reviewed by the AMS Subcommittee and is for informational purposes only. No action is required by the Council.

6. **Director's Report** (*Informational Items*)

a. **PSCOC Project Status Report**

Executive Summary: Involved in guiding various projects through the stages of Project Development including, Programming, Planning & Design and the Construction Phase.

- 5 Projects in the development of their Educational Specifications
- 52 Projects in the planning & Design Phase(11 projects in red flag report)
- 31 Projects in Construction (2 projects in red flag report)

Albuquerque P12-001 Douglas MacArthur ES Project is now moving forward with construction after being delayed by district budget reconciliation.

Albuquerque P12-002 McKinley MS Project is now moving forward with construction after being delayed by district budget reconciliation.

b. **Master Plan Project Status Report**

Executive Summary: There are three Facilities Master Plans under contract;

- 1 (Clayton Municipal School) is 75% complete. New Superintendent Nelda Isaacs made the request in December to afford new school board members time to review and approve their Facilities Master Plan (FMP)
- 2 are 99% complete electronically submitted to PSFA and are under review, estimated to be complete January 10, 2014.

c. **Lease Assistance Report**

Executive Summary: 97 Lease Assistance Awards totaling \$12.9 million; \$4.7 million disbursed to date.

d. **Maintenance Program Status Report**

Executive Summary: The NM PSFA maintenance program has three major functions or components:

1. Facility Information Management System (FIMS) – A software tool to help school districts manage their maintenance programs, currently provided by SchoolDude.
2. Preventive Maintenance Plans (PMP) – A written plan based on industry standards, combined with automated schedules and reports using FIMS or other software to manage their operation.
3. Facility Maintenance Assessment Report (FMAR) – Site assessments based on industry and federal building management standards to evaluate how well a site is being maintained and the capital investment protected.

The current status across New Mexico Schools

- FIMS usage -65% of district use FIMS effectively
- PM plan currency-34% of the districts have a current PM plan
- FMAR average score - 59.48% (where 70% is 'passing')

Total FMARs completed to date - 549

7. Next PSCOC Meeting

Upon discussion, the Council agreed to hold their next PSCOC meeting on March 6, 2014.

Public Comments

There are no public comments at this time.

Adjourn

There being no further business to come before the Council the meeting adjourned at 10:30 AM.

<u>David Allen</u>	Chair
<u>3/6/14</u>	Date